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November 6, 2002

BY ELECTRONIC FILING

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554


Re: *Ex Parte Presentation*  
In the Matter of Review of the Section 251 Unbundling  
Obligations of Incumbent Local Exchange Carriers,  
CC Docket Nos. 01-338, 96-98, 98-147

Dear Ms. Dortch:

On November 5, 2002, Wayne Huyard, President of Mass Markets, MCI, Donna Sorgi, Vice President for Federal Advocacy, WorldCom, Inc., Paul Bobezcko, Director, Local Finance and Consumer Planning, WorldCom, Inc., and A. Richard Metzger, Jr., counsel to WorldCom, met with Commissioner Michael Copps and Alex Johns. The same day, in a separate meeting, Wayne Huyard, Donna Sorgi, Paul Bobezcko, Kimberly Scardino, Senior Counsel, WorldCom, Inc., and A. Richard Metzger, Jr., and Ruth Milkman, counsel to WorldCom, met with Scott Bergmann, Michelle Carey, Aaron Goldberger, William Maher, Steven Morris, Thomas Navin, Brent Olson, Tamara Preiss and Robert Tanner. In those meetings, WorldCom discussed the issues described in the attached presentation.

Pursuant to section 1.1206(b)(2) of the Commission's rules, 47 C.F.R. § 1.1206(b)(2), this letter is being provided to you for inclusion in the public record of the above-referenced proceeding.

Sincerely,

  
Ruth Milkman

Attachment

cc: Commissioner Michael Copps  
Scott Bergmann  
Michelle Carey  
Aaron Goldberger  
Alex Johns  
William Maher

Steven Morris  
Thomas Navin  
Brent Olson  
Tamara Preiss  
Robert Tanner



# **Delivering Local Competition to the Mass Market**

***Considerations for Transitioning to UNE-L-Based Strategy***

Wayne Huyard

President

MCI

November 5, 2002

# **UNE-P is Essential to Mass Market Local Competition**

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- UNE-P has enabled local competition and ensures continued long distance competition.
- UNE-P based local competition is in its infancy and needs time to develop.
- UNE-P is essential for acquisition given lack of development in facilities infrastructure, process and standards.
- Left to develop, UNE-P can naturally transition to UNE-L where ever the conditions are right.

## **MCI's Neighborhood Demonstrates the Value of UNE-P**

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- Four years after our first local launch in NY, MCI has 2.4 million local customers across 39 states.
- For the first time consumers have an all distance product which the RBOCs have yet to match.
- Local competition is delivering lower prices, product innovation and better service in many markets.
- UNE-P/local market entry promises future stability in distressed and shrinking long distance industry.

# **Regulatory Construct for Encouraging and Expanding Future Competition**

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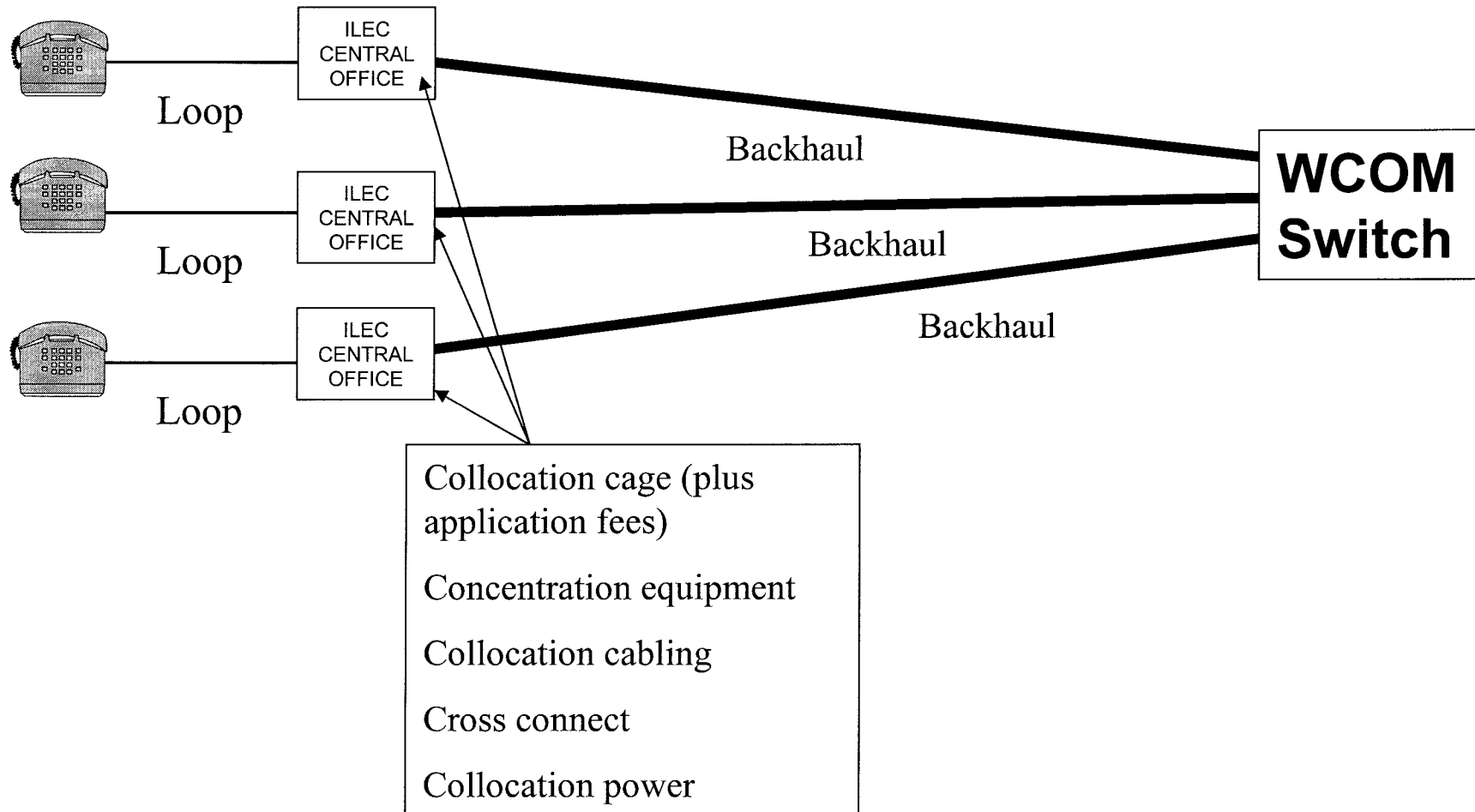
- Preserve UNE-P based local competition at TELRIC rates.
- Establish the broad conditions-based framework for local facilities competition.
- Empower the states to determine the specific conditions, pricing and performance required to enable UNE-L-based competition.
- Ensure fair and efficient local loop provisioning.

## **Transition To UNE-L Hinges on Market Conditions and Resolution of Existing Barriers**

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- Line density determines the economic viability of UNE-L-based competition.
- Efficient and scalable loop provisioning strongly influences the economics of a UNE-L-based strategy and is essential for customer satisfaction.
- Availability of TELRIC-priced EELs with no restrictions could enable the expansion of UNE-L-based competition.
- NRCs associated with a UNE-L-based approach must be reasonable.

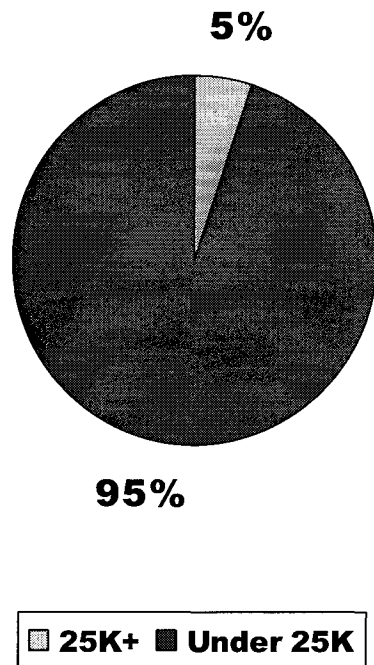
# The UNE-L Network and Cost Components



# Total US Household Density

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## Total US Households by Central Office



## Key Statistics for Highly Populated 5% of COs

- 1,051 central offices serve more than 25,000 residential households.
- The 1,051 central offices serve 38.7M households or approximately 36% of the total US households.

- 107M Households in US
- 20,704 End Offices / 5,169 HH per EO

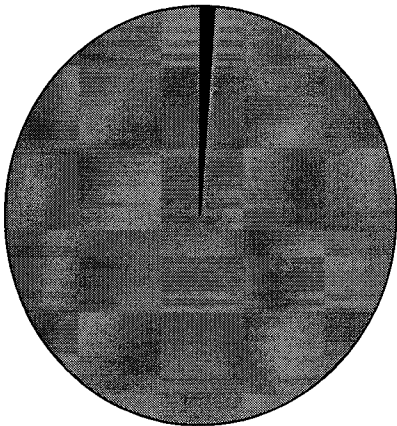


# MCI's Neighborhood Line Density

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## MCI UNE-P Lines by Central Office

**< 1%**



**99%**

■ 5,000+ ■ less than 5,000

## Key Statistics for Highly Penetrated 1% of COs

- 28 RBOC central offices have more than 5,000 MCI UNE-P lines.
- There are a total of 185,000 UNE-P lines served in these 28 COs or approximately 8% of our customer base.

- 2.4M MCI UNE-P lines in 4,556 RBOC End Offices or 506 lines per RBOC EO
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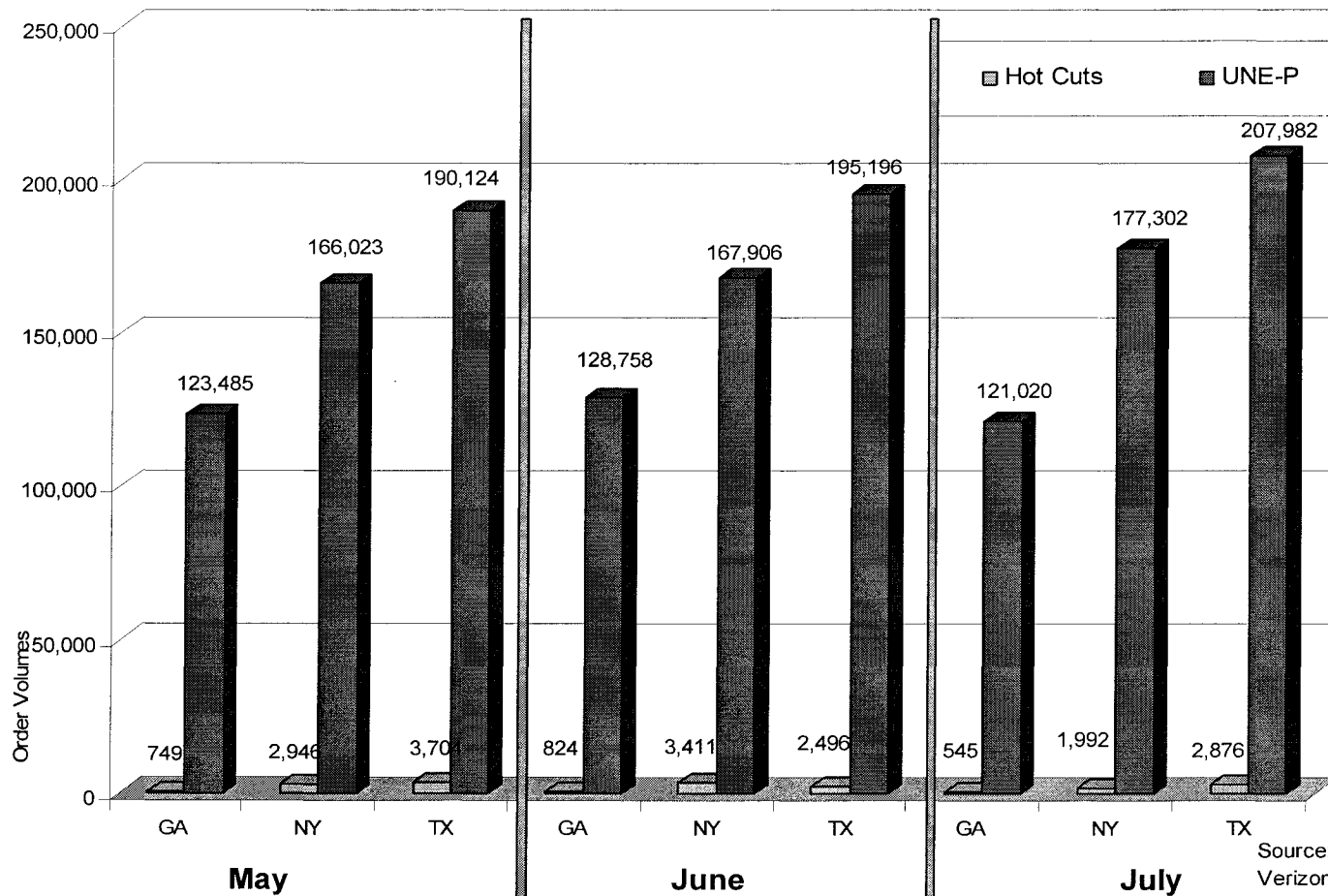
# **Loop Provisioning Capabilities & Economics Will Make or Break UNE-L Competition**

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- Installation and disconnect volumes currently surpass manual capabilities, even for projects
  - NY studied VZ's hot cut performance and reached same conclusion: "Verizon's hot cut performance would have to improve approximately 4400%" to handle current volumes of UNEP orders. Also, "it would take Verizon over 11 years to switch all of the existing UNE-P customers to UNE-L." (NY FCC Comments)
- Until there is equal access on local side, CLECs always need UNE-P to acquire the customer.
- Project migrations must be scalable to meet current volumes.
- Non-recurring charges for loop migrations must be fair and reasonable and there must be discounts for projects.
- States must resolve CLEC-CLEC migrations.

## Hot Cuts: A Manual Process That is Not Scalable

### Monthly Hot Cut Volumes Compared to UNE-P Orders



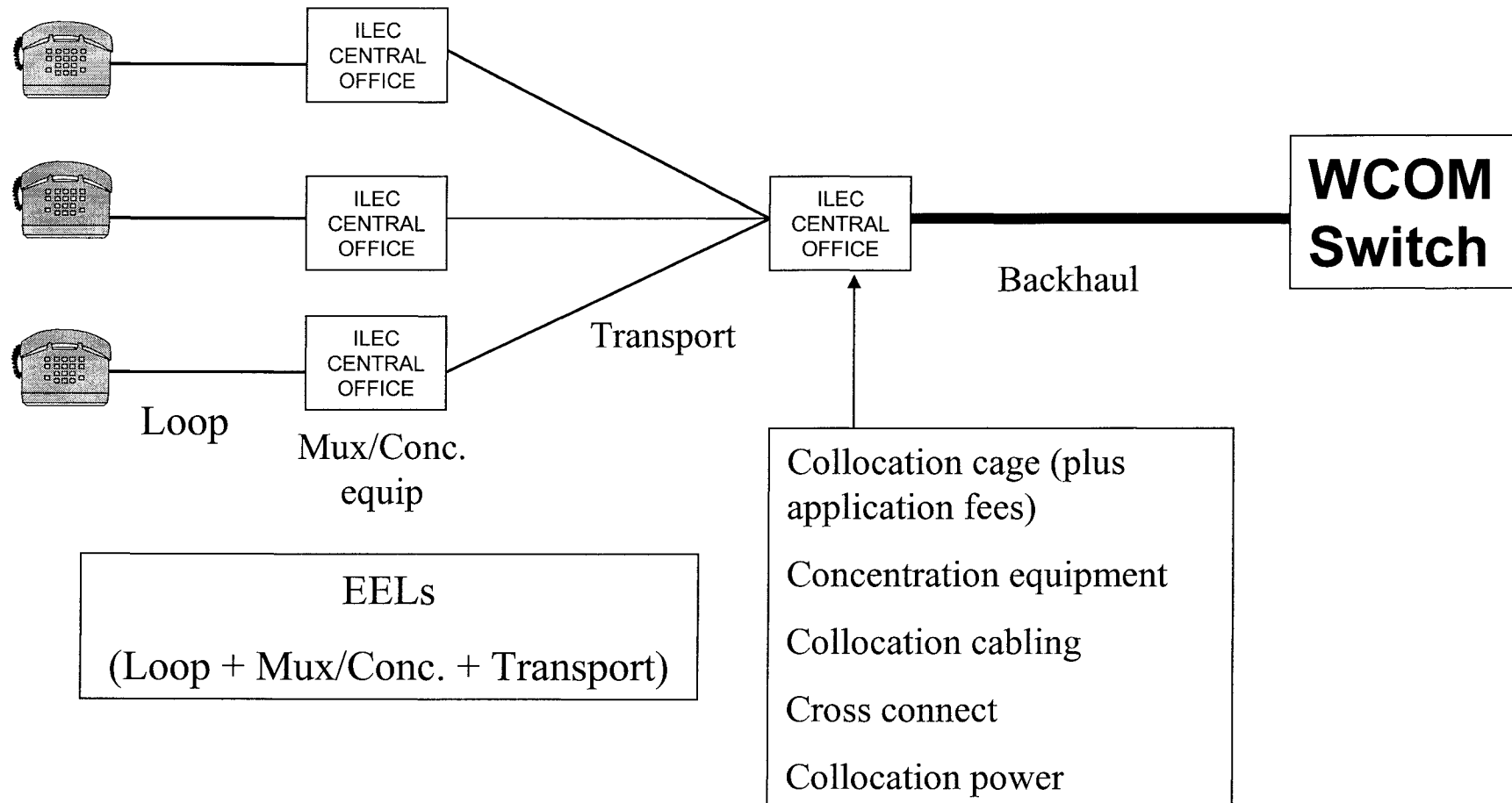
Source: BellSouth,  
Verizon, SBC CLEC  
aggregate performance  
data for GA, NY, and TX

## **Availability of TELRIC-Priced EELs Could Reduce Collocation Costs**

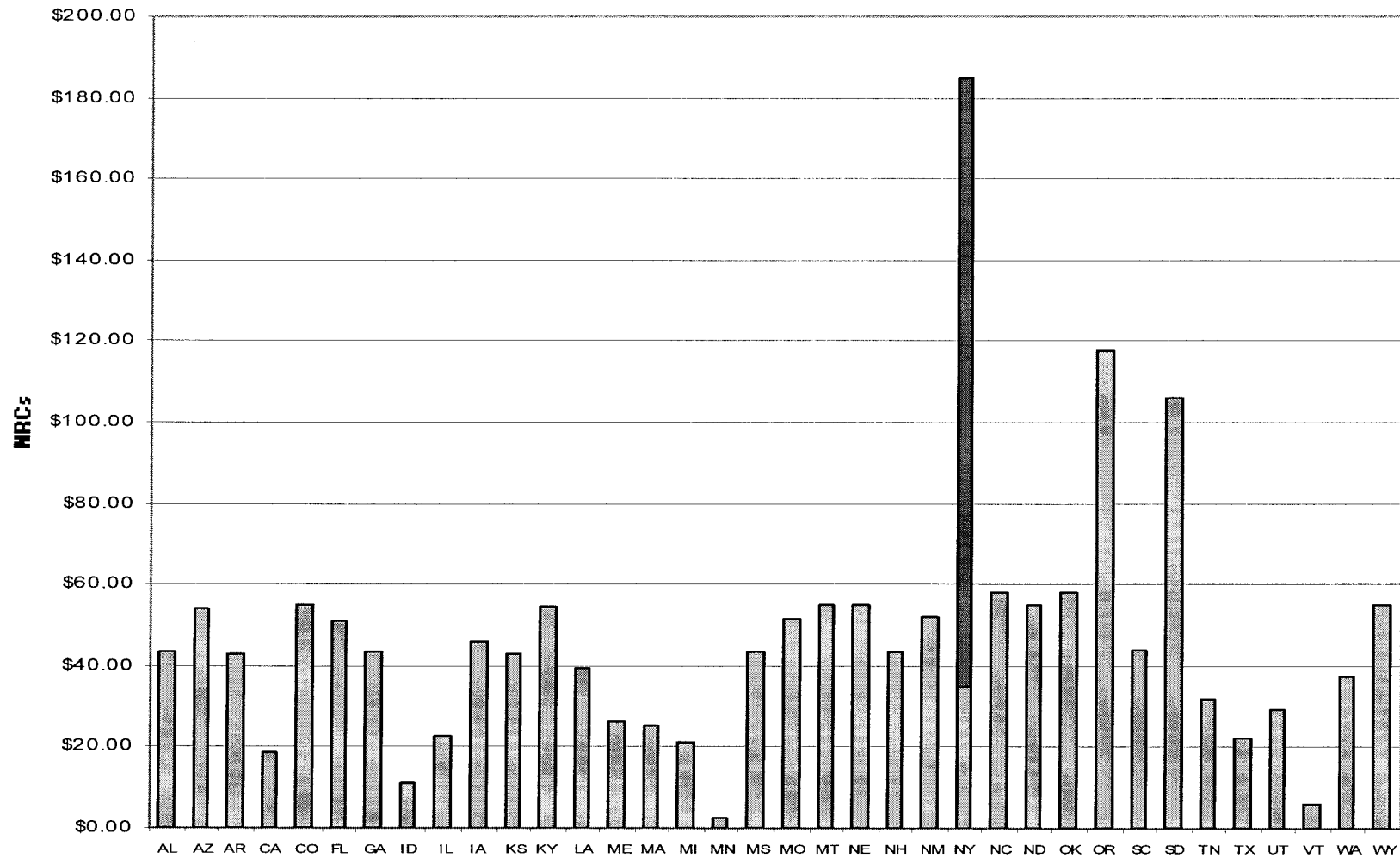
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- Availability of EELs for analog loops can expand a CLEC's reach.
- Concentrated EELs for analog loops could make use of EELs economic.
- Range of pricing and options across the states varies and there are distance limitations.
- Current commingling restrictions significantly limit the utility of EELs.
- NRCs are extremely high.

# EELs Network



# Hot-Cut NRCs Vary Across The Nation



\*New York NRC of \$35 available until March 2004, then returns to \$185.

# **UNE-L Implementation Requires Material Up-Front Internal Development**

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- Develop automated electronic UNE-L provisioning systems.
- Modify all back-office operations to handle new customers.
- Create dedicated customer service, trouble maintenance and provisioning groups.
- Hire, train, and equip loop provisioning and switch maintenance technicians.
- Develop scaleable capabilities for E911, LNP, Operator Services, and Directory Assistance.

# **Regulatory Construct for Encouraging and Expanding Future Competition**

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- Preserve UNE-P based local competition at TELRIC rates.
- Establish the broad conditions-based framework for local facilities competition.
- Empower the states to determine the specific conditions, pricing and performance required to enable UNE-L-based competition.
- Ensure fair and efficient local loop provisioning.